

Message Text

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PAGE 01 STATE 192273

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FM SECSTATE WASHDC

TO AMEMBASSY NAIROBI IMMEDIATE

C O N F I D E N T I A L STATE 192273

FOLLOWING SENT ACTION SECSTATE WASHDC INFO TOKYO, MEDAN,
SEPTEMBER 27, 1973 FROM JAKARTA IS REPEATED TO YOU: QUOTE

C O N F I D E N T I A L JAKARTA 11516

FOR UNDER SECRETARY CASEY FROM AMBASSADOR GALBRAITH

E.O. 11652: GDS

TAGS: ENRG,EFIN,ID,JA

SUBJECT: USG INTEREST IN INDONESIAN LNG

REFS: A. STATE 187195; B. JAKARTA 11307

1. I APPRECIATE YOUR INFORMING ME OF DISCUSSIONS YOU AND
SECRETARY SHULTZ HELD WITH INDONESIAN TRADE MINISTER
RADIUS PRAWIRO IN TOKYO. RADIUS ALSO CONVEYED DESIRE FOR
OFFICIAL STATEMENT OF USG INTEREST DURING MY DISCUSSION
WITH HIM FOLLOWING HIS RETURN (SEE REF B). IN ADDITION
TO NOTING YOUR STATEMENTS AS EVIDENCE USG INTEREST, I
EMPHASIZED THAT U.S. EXIMBANK'S EXPRESSED WILLINGNESS TO
ASSIST WITH FINANCING OF LNG PROVIDED FURTHER DIRECT
EVIDENCE OF "OFFICIAL" USG INTEREST IN INDONESIAN LNG
RESOURCES AND THEIR DEVELOPMENT.

2. MAIN THRUST OF RADIUS COMMENTS TO ME APPEAR RELATED
INDONESIAN DESIRE TO SECURE MORE FAVORABLE FINANCING OF
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PAGE 02 STATE 192273

LNG DEVELOPMENT IN FORM SOFT LOANS FROM USG. THIS STEMS

IN PART FROM EMPHASIS BY PRESIDENT SUHARTO AND OTHERS IN
GOI ON MAXIMIZING LONG-TERM AND MINIMIZING COMMERCIAL
CREDITS IN ORDER TO KEEP DEBT BURDENS AT LOWEST POSSIBLE
LEVEL DURING THESE CRITICAL YEARS OF INDONESIA'S DEVELOP-
MENT. I EXPECT WE WILL HEAR GREAT DEAL MORE ABOUT THIS
IN COMING MONTHS. I AM GETTING EMANATIONS THAT
INDONESIANS WHO, NOTING OUR ENERGY NEEDS, SEE POSSIBILITIES
OF ARRANGEMENTS WITH US SIMILAR TO SOFT-LOAN FOR OIL
DEAL THEY CONCLUDED WITH JAPAN LAST YEAR.

3. HOW WE APPROACH QUESTION OF WHETHER AND HOW TO ASSERT
OFFICIAL USG INTEREST IN MARKETING OF LNG IN U.S. SHOULD
BE DETERMINED BY CAREFUL APPRAISAL OF FOREGOING AND OTHER
CONSIDERATIONS WHICH MAY BE INVOLVED. IT STILL UNCLEAR
HOW AND WITH WHAT CRITERIA GOI WIL WEIGH APPROVAL OF
PACIFIC LIGHTING AGREEMENT WITH PERTAMINA. IF IT SHOULD
APPEAR THAT GOI WOULD OPPOSE APPROVAL OF AGREEMENT IN
ABSENCE OF USG OFFICIAL INTEREST IN FORM MORE FAVORABLE
FINANCING FROM U.S., WE WOULD BE IN NEW BALLGAME. IT IS
TOO EARLY TO JUDGE THAT THIS ACTUALLY SITUATION WE FACE
UNTIL WE HAVE BEEN ABLE TO GET FURTHER CLARIFICATION OF
GOI VIEWS, NEGOTIATIONS WITH JAPANESE HAVE PROCEEDED
FURTHER, ETC. I EXPECT APPOINTMENT WITH MINING MINISTER
SADLI NEXT WEEK AND HOPE TO BE ABLE TO COMMENT FURTHER
ON THIS SUBJECT AFTER TALKING TO HIM, PARTICULARLY ON
POSSIBILITIES AND DESIRABILITY OF VISIT TO WASHINGTON BY
RADIUS PRAWIRO OR OTHER INDONESIAN OFFICIAL FOR TALKS ON
LNG.

GALBRAITH UNQUOTE KISSINGER

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